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41137 DEPARTMENT OF STATE TELEGRAM MFG. 11-70

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REF: STATE 104795

SUBJECT: MEETING WITH AMBASSADOR SANCHEZ DE LOZADA

1. AMBASSADOR SANCHEZ DE LOZADA CALLED ON ME THIS MORNING. WE WILL ALSO BE HAVING LUNCH TOMORROW AND PROBABLY ANOTHER CONVERSATION LATE THURSDAY OR FRIDAY BEFORE HE DEPARTS. IN THE COURSE OF THE CONVERSATION THE FOLLOWING INTERESTING THINGS EMERGED:

(A) AS PREDICTED ST TE 104795 ORDERS WERE ISSUED YESTERDAY TO CHARGE SAENZ TO SIGN THE REQUIRED DOCUMENT REGARDING THE GAS PIPELINE LOAN.

(B) THE AMBASSADOR FINDS THE POLITICAL SITUATION IN BOLIVIA "GREATLY DETERIORATED" IN THE LAST SIX MONTHS. HE FEELS THE PRESIDENT HAS VERY LITTLE POWER AND VERY FEW OPTIONS. HE FINDS THE COUNTRY, AND ESPECIALLY THE MIDDLE CLASS, "EXTREMELY DEMORALIZED". HE BELIEVES SOME KIND OF CRISIS IS SHAPING UP WITHIN THE NEXT TWO WEEKS AND WONDERS HOW THE GOVERNMENT IS GOING TO DEAL WITH THE POPULAR ASSEMBLY. PRESIDENT TORRES APPEARED TO HIM TO BE "GRAY AND HAGGARD". THERE IS A DEBATE IN THE CABINET ABOUT RELATIONS WITH THE US. SOME, LED BY MACHICADO AND LUNA, ARE IN FAVOR OF POSITIVE ACTION TO STRENGTHEN US/BOLIVIAN RELATIONS; OTHERS, UNNAMED, ARE OPPOSED. SOME CABINET

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OFFICERS (HE LATER SAID TWO) ARE ACCUSING THE MILGRP OF POLITICAL PLOTTING.

(C) SANCHEZ DE LOZADA WAS NOT AWARE THAT THE COCHABAMBA BNC HAD BEEN RETURNED YESTERDAY. HE DID SAY, HOWEVER, THAT THE GOVERNMENT INTENDS TO ISSUE A DECREE ESTABLISHING REGULATIONS FOR THE GOVERNING OF ALL SUCH CENTERS OF WHATEVER NATIONALITY ON AN EQUAL BASIS. HE THOUGHT THIS A GOOD THING ALTHOUGH HE DID NOT KNOW THE TERMS OF THE DECREE. PRESUMABLY, THIS REFERS TO THE PRESIDENT'S REMARKS TO ME IN OUR LAST MEETING ABOUT IDENTICAL RULES FOR ALL CENTERS.

(D) I TOLD THE AMBASSADOR I THOUGHT THE BNC RETURN IS A VERY FAVORABLE DEVELOPMENT AND ALSO EMPHASIZED THE IMPORTANCE OF PROCEEDING PROMPTLY WITH NEGOTIATIONS WITH IMPC. I STRESSED TO HIM, AS I HAVE TO THE PRESIDENT AND THE FONMINISTER, THE FACT THAT ALMOST SIX MONTHS HAVE PASSED WITHOUT ANY POSITIVE STEPS TOWARD COMPENSATION HAVING BEEN TAKEN. SANCHEZ DE LOZADA EXPRESSED THE OPINION THAT SERIOUS NEGOTIATIONS COULD NOT BE UNDERTAKEN SO LONG AS MENDEZ PEREIRA WAS MINISTER OF MINES. WHETHER OR NOT THIS IS TRUE, IT IS TO BE REMEMBERED THAT SANCHEZ DE LOZ DA AND MENDEZ PEREIRA ARE LONG-STANDING, BITTER ENEMIES. WITH REGARD TO THE MATILDE EXPROPRIATION, THE AMBASSADOR SAID HE KNEW FOR A FACT THAT PHILLIPS BROTHERS, AT LEAST, HAD NO INTENTION OF ENTERING INTO ANY SERIOUS NEGOTIATIONS WITH BOLIVIA. HE SAID PHILLIPS BROTHERS INTENDS ONLY TO GO THROUGH THE MOTIONS WHILE RELYING ON OPIC INSURANCE FOR COMPENSATION. THE AMBASSADOR SAID THAT COMIBOL IS IN A TERRIBLE SITUATION AND BADLY NEEDS RE-ORGANIZATION AND REFINANCING. A PROBLEM CREATED BY THE MATILDE PAYROLLS ARE PAID THREE TIMES AS MUCH AS THOSE WORKING FOR COMIBOL AND DOING THE SAME OR SIMILAR JOBS.

2. THE AMBASSADOR SAID THAT THE PEOPLE CLOSEST TO THE PRESIDENT ARE HIS PRIVATE SECRETARY, VALLENTSITS, AND MINISTER-SECRETARY VELARDE AND THAT BOTH ARE EVIL INFLUENCES. HE SAID HIS RELATIONS WITH THE FONMINISTRY, ESPECIALLY WITH SUB-SECRETARY LAREDO ARE BAD AS ALWAYS BUT HE HAS NOT YET MADE UP HIS MIND AS TO WHERE FONMINISTER TABORGA STANDS. LOZADA SAID HE TOLD TABORGA THAT THE GOVERNMENT MUST DO SOMETHING TO IMPROVE RELATIONS WITH THE US. HE SAID HIS OWN "HOOPER RATING" WAS VERY HIGH AFTER THE TIN DECISION BUT

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HAD BEEN VIRTUALLY DESTROYED BY SUBSEQUENT EVENTS IN BOLIVIA. HE SAID AMERICAN CONSERVATIVES HAD BEEN ALIENATED BY THE NATIONALIZATIONS AND THAT AMERICAN LIBERALS HAD BEEN ALIENATED BY THE PC OUSTER WHICH WAS A SYMBOL OF THE KENNEDY SPIRIT. HE SAID THE ONLY FRIENDS BOLIVIA HAS LEFT IN THE US ARE THE PEOPLE WORKING WITH BOLIVIAN AFFAIRS IN THE STATE DEPARTMENT.

3. I BROUGHT TO THE AMBASSADOR'S ATTENTION AN EDITORIAL IN TODAY'S EL DIARIO SEVERELY ATTACKING HIM FOR DELAYING THE SIGNATURE OF AGREEMENTS NECESSARY FOR CONSTRUCTION OF THE GAS PIPELINE ON THE GROUNDS THAT THE REQUIRED ARGENTINE GUARANTIES ARE ONEROUS. THE EXTREME LEFTIST WRITER OF THIS EDITORIAL, DANIEL RODRIGUEZ, TOOK THE LINE THAT THE AMBASSADOR IS WORKING CONTRARY TO THE NATIONAL INTEREST BY DELAYING PROGRESS ON THE PIPELINE AGREEMENTS AND RAISING QUESTION AS TO HIS CAPACITY TO REPRESENT THE REVOLUTIONARY GOVERNMENT ADEQUATELY IN WASHINGTON. HE POINTED OUT THAT THE ORIGINAL ARGENTINE GUARANTY WAS PROPSOED BY NO LESS A REVOLUTIONARY CHARACTER THAN EX-MINES MINISTER MARCELO QUIROGA SANTA CRUZ; THEREFORE, THEY COULD NOT BE HUMILATING TO THE NATION.
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Wash Post 12 Oct 71 Bolivia Torres

Peru Expels Torres, Bolivia's Ex-President

By George A. Lawton
Special to The Washington Post

LA PAZ, Bolivia, Oct. 11—The recently deposed president of Bolivia, Gen. Juan Jose Torres, and high-ranking members of his entourage, have been quietly expelled from Peru, it was learned here today.

The Peruvian government did not explain the action.

Torres, whose regime was toppled Aug. 21, was granted asylum in the Peruvian Embassy here and within two weeks arrived in Lima.

Also in Peruvian exile, but under less formal conditions, was the militant Bolivian labor leader and president of the Bolivian "Peoples Assembly," Juan Lechin Oquendo.

Lechin has been a major figure in Bolivian labor circles since Bolivia's 1952 revolution, when he was minister of mines under President Victor Paz Estenssoro, and, later, vice president in the Paz government.

Lechin fled first to Paraguay, where the rightest regime of President Alfredo Stroessner, acute ideological differences aside, granted him the full status of an exiled cabinet minister. However, Lechin later worked his way to the Bolivian-Peruvian border where, according to some reports, he managed to cross into Peru in a coffin.

Once in Peru—one week ago—Lechin reportedly consulted with and received repeated assurances from both Peruvian Foreign Minister Gen. Edgardo Mercado Jarrain and President Juan Velasco that his personal asylum was completely secure.

But last Saturday evening, a delegation of agents identifying themselves as being from the P.I.P. (Peruvian FBI) entered the hotel suite of former President Torres who was being interviewed by this reporter. The P.I.P. told Torres that Lechin had been arrested in a private house in a Lima suburb four hours earlier. They then bluntly told Gen. Torres and his ex-minister of information, Ramiro Villarroel, that they must board the next plane leaving Peru for Chile.

No reason was given for the ultimatum.

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Torres, Ex-President of Bolivia, Found Murdered in Argentina

NYT 4 June 76

BUENOS AIRES, June 3 (AP) —The body of former President Juan José Torres of Bolivia has been found on a rural roadside, the authorities said today. They said that General Torres was blindfolded and had been shot twice in the neck and once behind the ear.

In an official statement, the Interior Ministry repudiated a wave of violence it said has smeared the country's image.

The left-wing Bolivian general, who had been living in exile in Argentina, disappeared early Tuesday. According to the authorities he was missing without a trace until late yesterday when a ranch hand 65 miles from Buenos Aires heard shots and saw four men in a car speeding off, leaving a body behind.

The police lates identified the man as General Torres.

Two weeks ago the bullet-riddled bodies of two self-exiled Uurguayan politicians were discovered after armed men dragged them from their homes.

More than 320 people have been killed in all forms of political violence since March 24 when the armed forces overthrew President Isabel Martínes de Perón with a promise to restore order and protect human rights.

'Man of the People'

General Torres was an enigmatic personality. Proud of his Indian blood, he called himself a poor "man of the people," but for most of his life, as a military officer, he was a member of Bolivia's middle-class elite.

The short, stocky professional soldier, who usually frowned on extremists of the right and the left, was suddenly thrust to the height of power on Oct. 6, 1970, in the climax of one of Bolivia's many political upheavals.

He proclaimed himself leader of a "revolution of the people" after capturing control of a loose alliance of left-wing civilians and officers that had wrested power from rightists who only a few days previously had taken over in a coup.

In 1967, as Chief of Staff of the armed forces, General Torres helped plan the operation that resulted in the death of Ernesto Che Guevara, the Argentine-born Cuban revolutionary who sought to organize a peasants' revolt in Bolivia.

Yet in August 1971, General Torres had himself swung so far left that conservative Bolivian leaders, fearing he was turning the country toward the Soviet sphere and into Cuban-style socialism, overthrew his Government. He was forced to flee into exile in Peru.

A Rapid Ascent

Born into a poor family in the town of Cochabamba, General Torres was a graduate of of the Bolivian military academy, at which he later taught. He rose most rapidly in rank during the 12-year presidency of Victor Paz Estenssoro, who had seized power in a revolt by young officers, including Juan José Torres.

But in 1964, General Torres, then a colonel, supported the military coup that overthrew the leftist and democratic Paz regime. Under the late President René Barrientos Ortuño, he served as Ambassador to Uruguay and, briefly, as Minister of Labor and Social Security.

In September 1969, General Torres joined a coup led by Gen. Alfredo Ovando Candía that overthrew the civilian regime of Louis Adolfo Siles. The new Ovando Government made him chief of the armed forces, but in July 1970, under pressure to crack down on leftists, General Ovando discharged General Torres and retired him from the army.

It was at that point that General Torres presumably started plotting revolution and his own assumption of presidential power.

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Ex-President of Bolivia Slain

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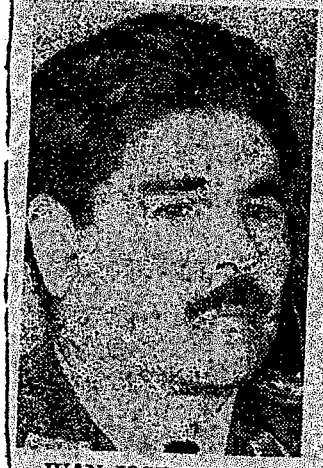

JUAN JOSE TORRES
... 'president of workers'

By Robert Cox
Special to The Washington Post

BUENOS AIRES, June 3 —Police today found the body of former Bolivian President Gen. Juan Jose Torres, the third prominent political exile to be kidnaped and murdered here within the past two weeks.

The former president, who headed a volatile leftist populist government in Bolivia in 1970 and 1971, was found near a country road about 60 miles northwest of here. He was blindfolded and had been killed by three bullets in the head.

There was no hint of the identity of Torres' killers, but the murder came amid continuing political violence against both leftists and rightists here.

The Argentine government blamed the murder on "internal and external guerrilla movements," and hinted that Torres was killed by a group seeking to avenge the death in 1967 of Cuban revolutionary Che Guevara.

A group calling itself the International Che Guevara Brigade took responsibility for the assassination of Bolivia's ambassador to France, Gen. Joaquin Zenteno Anaya in Paris May 11. Zenteno led the manhunt for Guevara,

See ARGENTINA, A19, Col. 1

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Ex-Leader Of Bolivia Disappears

By Joanne Omang
Washington Post Foreign Service

BUENOS AIRES, June 2 --Former Bolivian president Juan Jose Torres Gonzalez, overthrown by a military coup in 1971, disappeared from his home in exile here yesterday morning, his wife reported. She believes he was kidnaped.

Torres, who governed in 1970 and 1971 as a leftist populist, left his downtown apartment in this Argentine capital at 8:30 a.m. yesterday planning to take the family car for some errands, his wife Emma Obleas de Torres told journalists this morning.

She said he failed to show up at a noon appointment and the car had not been moved. "I call on the government of my country [Bolivia] to demand a clarification from the authorities of Argentina of the circumstances in which my husband disappeared," Mrs. Torres said.

A spokesman for Argentina's ruling military junta said federal police were "checking the complaint but have no confirmation that a kidnaping has occurred." Another military officer close to the government said they had not ruled out "the possibility that he has just gone into hiding."

Torres, 51, is the third prominent exile to vanish here since the military government took over March 24. Uruguayan political figures Zelmar Michelini and Hector Gutierrez Ruiz were found dead in an abandoned car May 21, their bullet-riddled bodies bearing the marks of a right-wing death squad-style killing.

Torres helped plan and carry out the U.S.-backed operation against Ernesto Che Guevara's guerrilla forces in the Bolivia mountains that resulted in Guevara's death in 1967. There was speculation here that Torres' disappearance was the work of leftist guerrillas retaliating for that action. On May 11, Bolivia's ambassador to France, Joaquin Zenteno Anaya, was assassinated in what was taken as a reprisal for his role in the operation against Guevara.

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THE WASHINGTON POST
A 20 Thursday, June 3, 1976

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NYT 3 June 76

Former President of Bolivia Reported Missing in Argentina

BUENOS AIRES, June 2 (UPI) —Former President Juan José Torres Gonzales of Bolivia disappeared after leaving his house yesterday and sources close to his family said they feared he had been kidnapped.

Mr. Torres, who has been living in Argentina as a political refugee, was reported missing last night.

He served as Bolivia's President for 10 months in 1970 and 1971 and went into exile in Peru after the military coup that brought to power the right-wing regime of Gen. Hugo Banzer Suárez. Mr. Torres moved to the Argentine capital in 1973.

Sources close to the Torres family said the former President had not been seen since he left his house early yesterday. Mrs. Emma Obleas de Torres said her husband had left their apartment yesterday morning but failed to keep several appointments during the day. There was no official word on his fate.

Two weeks ago, two Uruguayan leftist politicians, who also had sought political asylum in Argentina in 1973, were kidnapped. The bullet-riddled, handcuffed bodies of the two politicians, Zelmar Michelini, a former Senator, and Hector Gutierrez Ruiz, the ex-president of the Uruguayan Chamber of Deputies, were found five days later in an abandoned car. Argentina's military government ordered an investigation into the killings but the results are not known.

Earlier yesterday, a leader of the Radical Civic Union, Argentina's main opposition party during the administration of President Isabel Martinez de Peron, told the police one of the party's members had been kidnapped. Enrique Vanoli, political secretary of the party's national committee, said that Guillermo Alonso, his wife, their son and the family maid were abducted at their home in Buenos Aires. The police have not commented on the report.

Associated Press

Juan José Torres

Woman Dies in Hotel Fall

SAN JUAN, P. R., June 1 (AP) —Louise Hooper, 54 years old, of Jersey City, fell to her death from the 20th floor of the Sheraton Hotel, the police said Tuesday. They said Miss Hooper checked into the hotel Thursday.

ONE MILLION KIDS
THE FRESH AIR FUND

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